# OLD MUTUAL WEALTH'S RETIREMENT INCOME EXPLORER – QUICK VIEW

USER GUIDE

OLDMUTUAL WEALTH

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# INTRODUCTION

Old Mutual Wealth's **Retirement Income Explorer tool (RIET)** enables you to detail your clients' current and future expenditure, assets, their attitude to risk and their income needs. The tool illustrates the potential sustainability of the client's required income throughout their later life, using a calculated life expectancy. It can compare different options for taking income in retirement, and can bring to life a range of potential future outcomes for their retirement; based on risk appetites, economic scenarios and changes to income profile.

It's a great tool for stimulating discussion, encouraging action and demonstrating the value of your advice.

It should be noted that while the tool complements ongoing advice and suitability, it does not replace the need for them. It is not a cash flow modelling tool, and it **does not offer certainty about the future** – but it does provide a good indication of possible outcomes in the future, using stochastic modelling. You will still need to produce a KFD and KFI for any product which is recommended and/ or reviewed.

**Below is an explanation of the different options you can use in the Retirement Income Tool:**

## QUICK VIEW

The Quick View option provides an initial overview of the new pension options available since April 2015, once a client has reached age 55.

Eight simple questions are asked about the client, their current earnings, existing pension fund, intended retirement age and required income to provide a projected fund value at retirement age.

You can choose to show a range of possible outcomes based on good or poor market conditions (based on our stochastic model), which can be changed easily using a slider. The client's life expectancy and the potential sustainability of the income throughout their later life is shown.

The data entered in Quick View can be carried over into the Full View option, where additional questions will need to be answered and further options are available to show a more detailed forecast.

The Quick View option is explained in this user guide.

## RISK PROFILER

The Risk Profiler is available to help you establish your client's attitude to risk, if you do not already use a risk profiling tool such as the Old Mutual Wealth platform risk profiler. There are 18 attitude to risk questions, and 6 additional questions about capacity for loss which are customisable and can also be asked separately to the attitude to risk questions. A report is generated which your client can sign to confirm their agreement to, following your discussion with them.

Please read the 'Retirement Income Explorer – Risk Profiler' (RIE) user guide for more information.

## FULL VIEW

The Full View option is an advanced planning tool that builds on the calculation approach of the Quick View option. It has three key additional areas of functionality:

- advanced tax planning to target a net income or expense requirement throughout retirement
- additional data entry options
- additional at and in retirement options.

Where the Quick View option shows the gross income or fund at the target retirement date, Full View shows how the available assets and incomes can target a net-of-tax income or goal throughout the client's whole of later life.

The client's expenses in retirement for utilities and other living costs can be entered optionally and used as the post-retirement target income. One-off objectives or goals can be entered to provide additional income over a period of time, for a special purchase or holiday, for example.

A specific plan for the client's options for taking income from pensions and other investments can also be configured, such as whether or not to take a Pension Commencement Lump Sum at outset, or to use a blend of annuity and drawdown, for example. 'What if' scenarios can be entered to show how changing any element of the retirement plan could impact the client's future lifestyle.

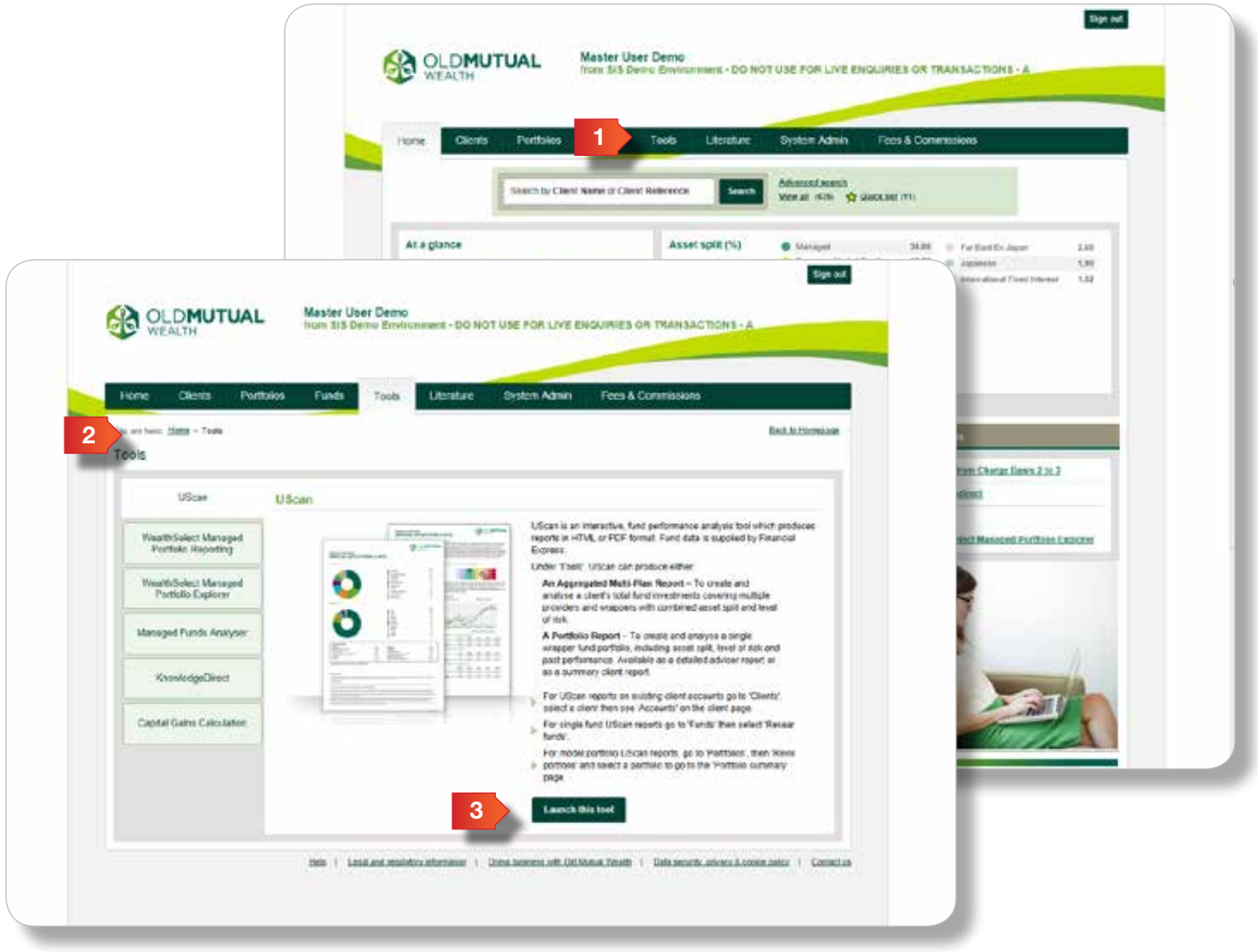
There are two versions of a user guide that explain the Full View option:

- Retirement Income Exporer – Full View Getting Started guide
- Retirement Income Explorer – Full View user guide (detailed version)

**Please also read the Due Diligence document and the Questions and Answers section on our adviser website for more information about the Retirement Income Explorer tool .**

## HOMEPAGE

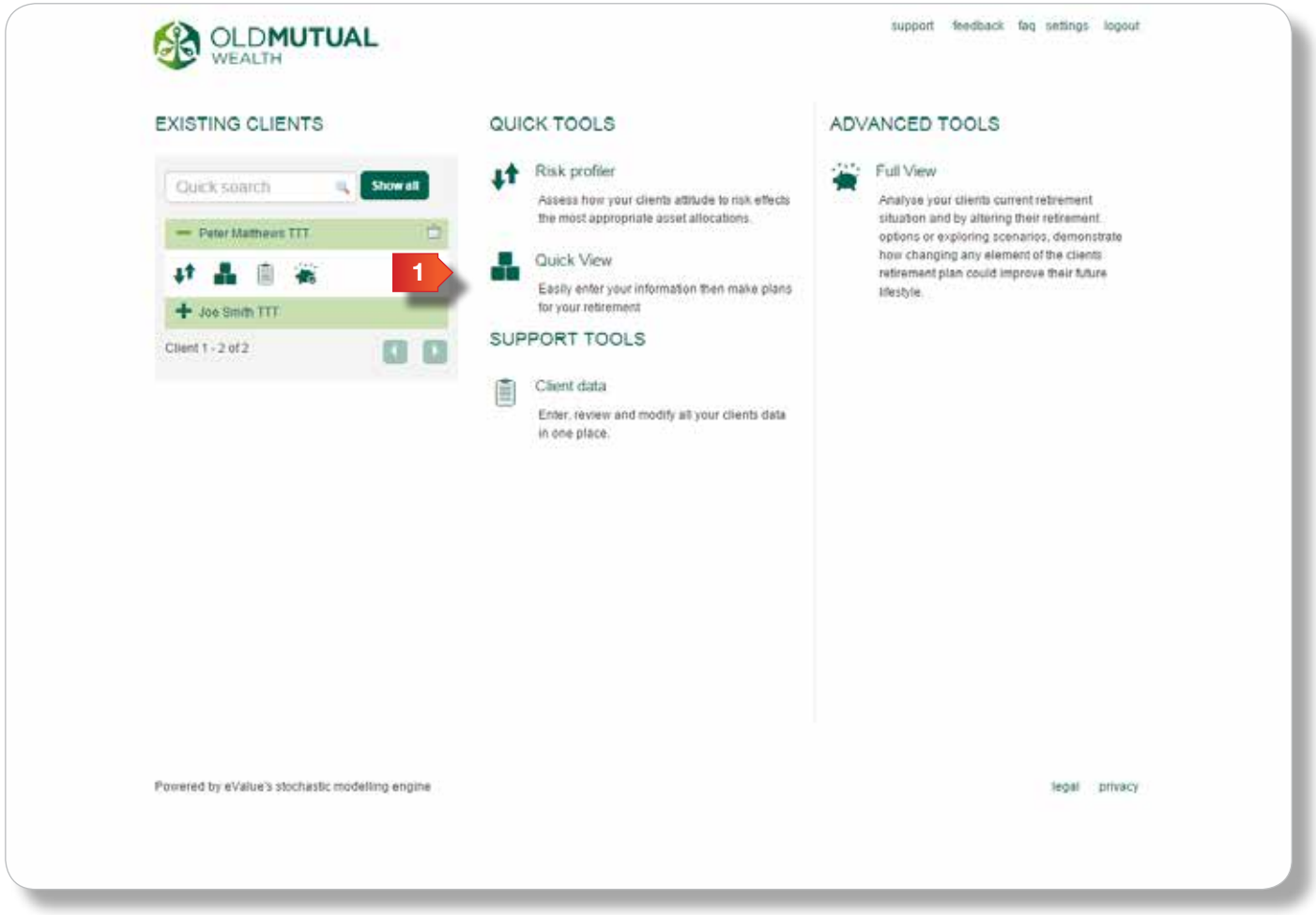
1. After logging into the Old Mutual Wealth, select the 'Tools' tab.
2. Select the **'Retirement Income Explorer'** tool.
3. Select **'Launch this tool'**.



## LANDING PAGE

You will come to the landing page of the Retirement Income Explorer tool.

1. Select **'Quick View'**.


OLDMUTUAL WEALTH
support feedback faq settings logout
EXISTING CLIENTS
Quick search
Show all
Peter Matthews TTT
Joe Smith TTT
Client 1 - 2 of 2
1
QUICK TOOLS
Risk profiler
Assess how your clients attitude to risk effects the most appropriate asset allocations.
Quick View
Easily enter your information then make plans for your retirement
SUPPORT TOOLS
Client data
Enter, review and modify all your clients data in one place.
ADVANCED TOOLS
Full View
Analyse your clients current retirement situation and by altering their retirement options or exploring scenarios, demonstrate how changing any element of the clients retirement plan could improve their future lifestyle.
Powered by eValue's stochastic modelling engine
legal privacy



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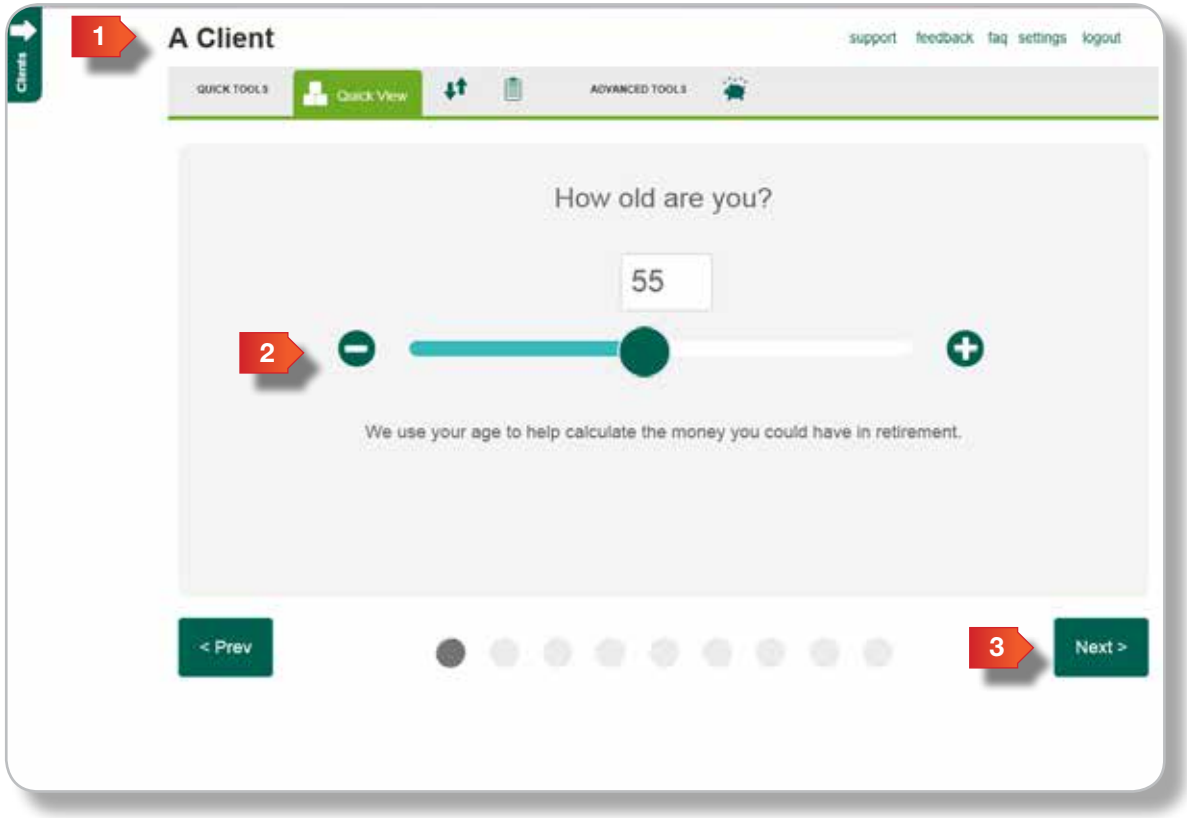
## AGE

1. Enter the client's name at the top of the screen.
2. Use the slider to select the client's current age.
3. Click **'Next'** to move on to the next screen.




**Notes:**
The slider has a range from 18 to 100 years. You can also click in the box to manually enter the age.



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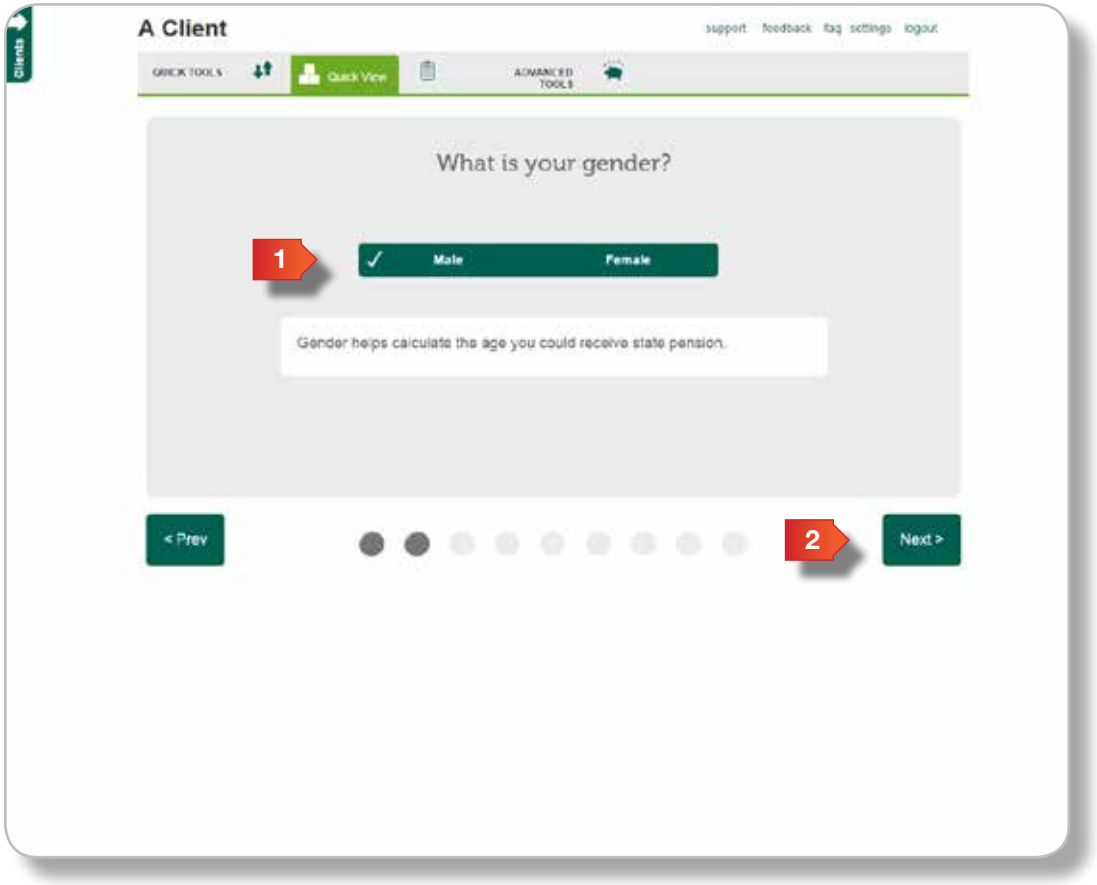
## GENDER

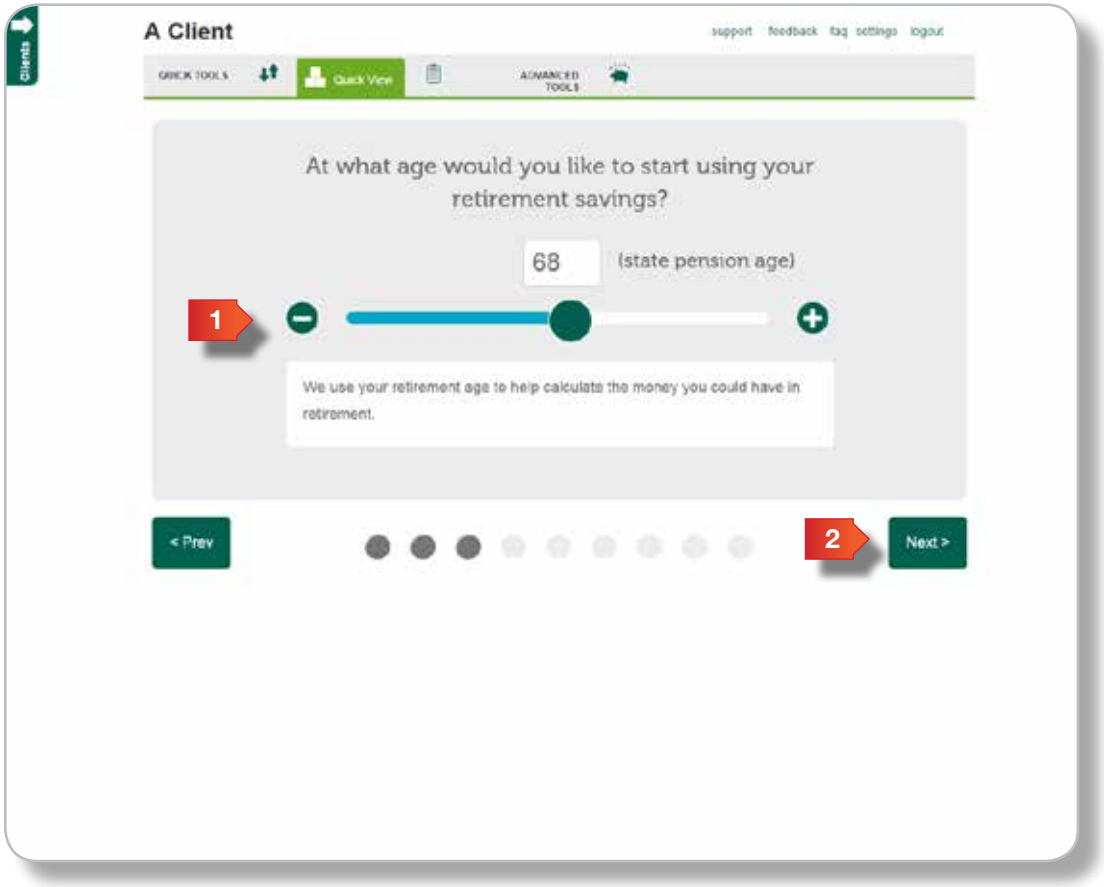
1. Select your client's gender.
2. Click **'Next'** to move on to the next screen.




**Notes:**
Gender is used to determine the state pension age, where this remains different for men and women up until 2020. The client's age and gender is also used to calculate their average life expectancy.

## RETIREMENT AGE

1. Use the slider to select the age that your client would like to start using their retirement savings.
2. Click **'Next'** to move on to the next screen.


A Client
support feedback faq settings logout
Clients
Quick View
At what age would you like to start using your retirement savings?
68
(state pension age)
1
We use your retirement age to help calculate the money you could have in retirement.
< Prev
2
Next >

**Notes:**

This screen will initially show to the state pension age based on the previous input of age and gender.

If your client is 55 or over you will be able to select **'Retire now'** by moving the slider to the left until you reach their current age. This will remove some of the screens that are no longer relevant.



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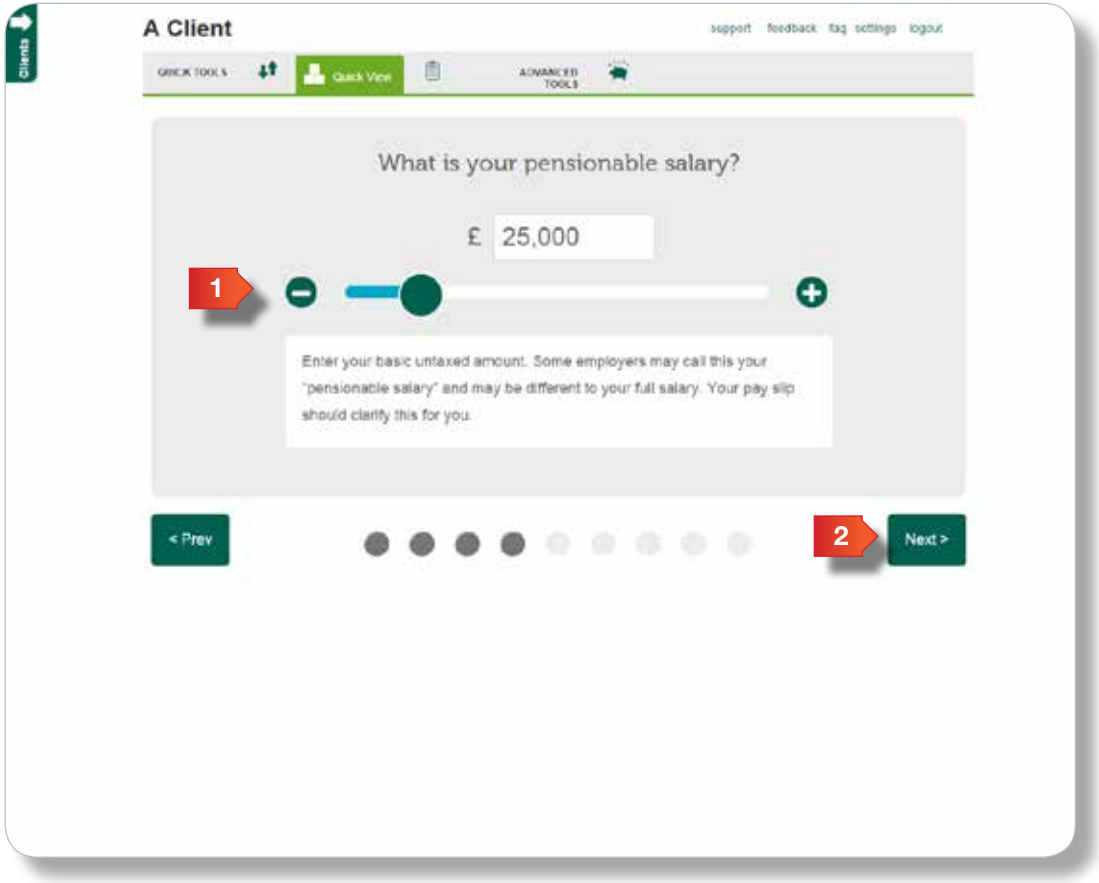
## SALARY

1. Use the slider to enter your client's gross annual salary (or net relevant earnings if they are self-employed).
2. Click **'Next'** to move on to the next screen.


A Client
support feedback faq settings logout
Clients
QUICK TOOLS
Quick View
ADVANCED TOOLS
What is your pensionable salary?
£ 25,000
1
Enter your basic untaxed amount. Some employers may call this your "pensionable salary" and may be different to your full salary. Your pay slip should clarify this for you.
< Prev
2
Next >

**Notes:**

The slider has a range from £0 to £150,000, and moves in increments of £500. You can also click in the box to manually enter the client's gross salary.

This salary is assumed to increase in line with the retail price index (RPI) from now until retirement.



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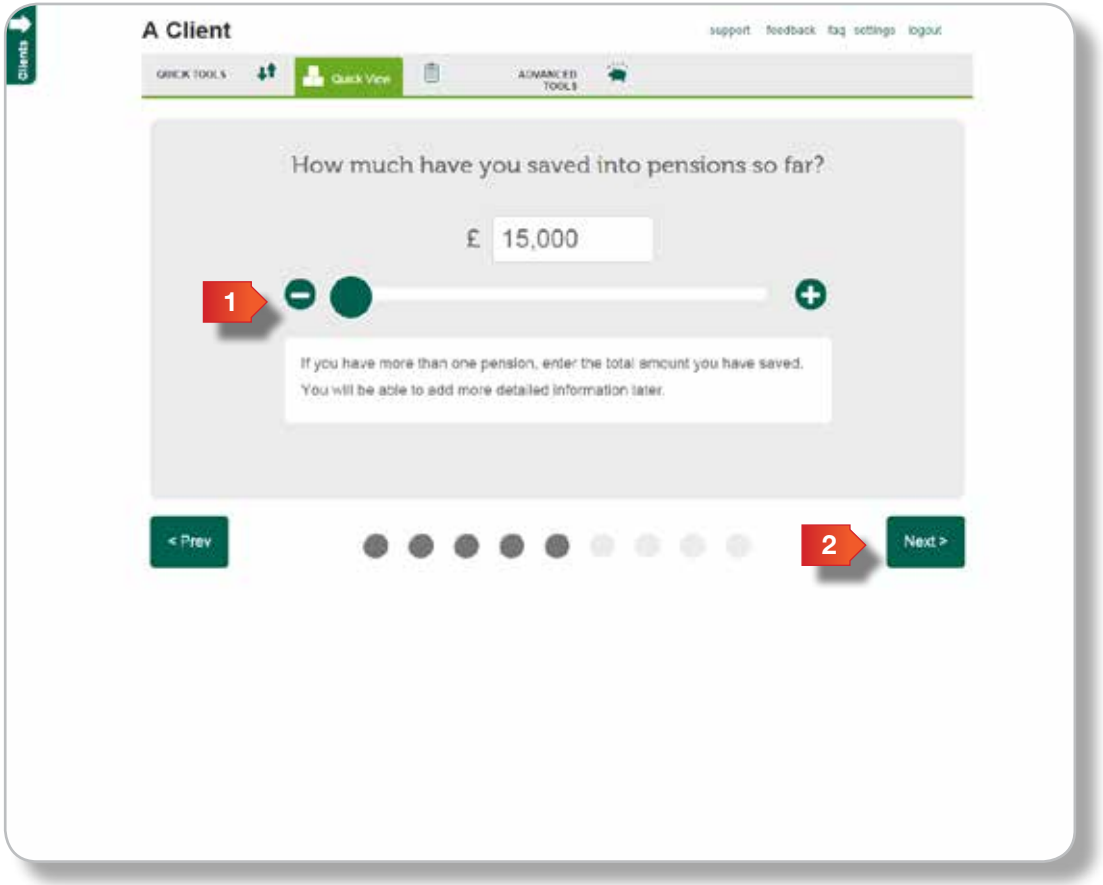
## CURRENT PENSION SAVINGS

1. Use the slider to enter your client's current pension savings. If they have more than one pension, enter the total amount they have saved.
2. Click **'Next'** to move on to the next screen.


A Client
support feedback faq settings logout
Clients
QUICK TOOLS
Quick View
ADVANCED TOOLS
How much have you saved into pensions so far?
£ 15,000
1
If you have more than one pension, enter the total amount you have saved.
You will be able to add more detailed information later.
< Prev
2
Next >

**Notes:**

The slider has a range from £0 to £3,000,000*, and moves in increments of £1000. You can also click in the box to manually enter the value of the clients pension savings.

This it the total amount of defined contribution pensions that the client wants to consider their options for around retirement.

This does not include defined benefit pensions, or other non-pension savings such as ISAs. These may be added later in the 'Full view' version of the Retirement Income Explorer tool.

*This does not take into account any limits to lifetime allowance or taxation consequences.



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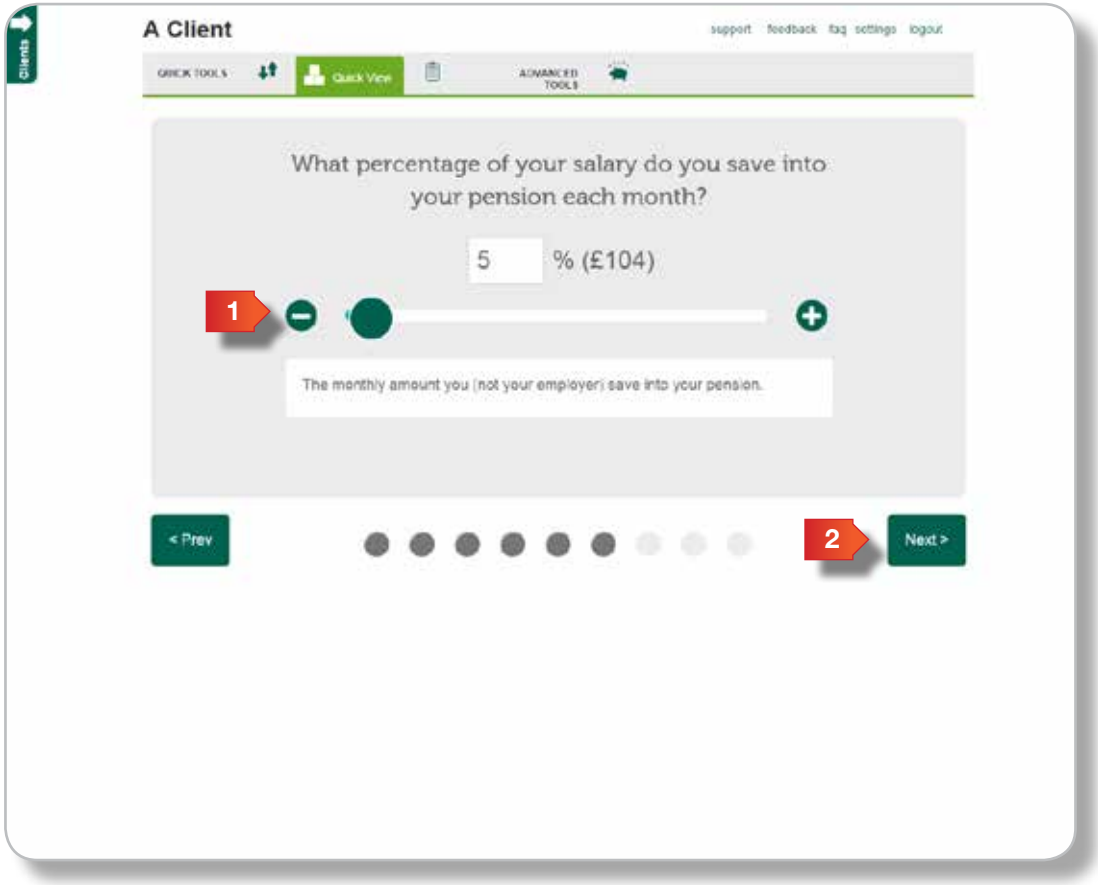
## EMPLOYEE CONTRIBUTIONS

1. Use the slider to enter your client's current gross employee contribution level.
2. Click **'Next'** to move on to the next screen.




**Notes:**

The slider has a range from 0% to 100%, and moves in increments of 1%. You can also click in the box to manually enter the clients employee contributions.

Contributions are assumed to increase in line with RPI from now until retirement. Since the gross amount is assumed to be credited to the customer's account, the restriction of tax relief if the annual allowance is exceeded will not be taken into account.



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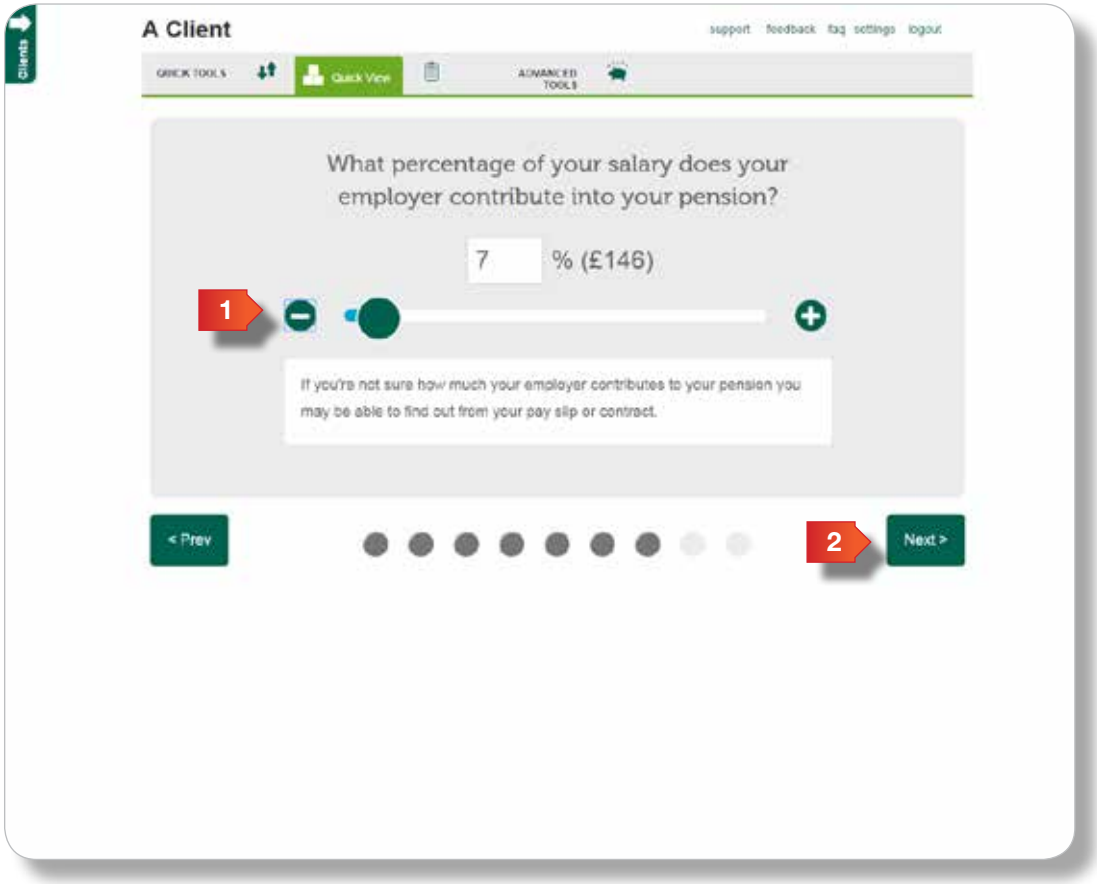
## EMPLOYER CONTRIBUTIONS

1. Use the slider to enter your client's current gross employer contribution level.
2. Click **'Next'** to move on to the next screen.


A Client
support feedback faq settings logout
Clients
QUICK TOOLS
Quick View
ADVANCED TOOLS
What percentage of your salary does your employer contribute into your pension?
7
% (£146)
1
If you're not sure how much your employer contributes to your pension you may be able to find out from your pay slip or contract.
< Prev
2
Next >

**Notes:**

The slider has a range from 0% to 100%, and moves in increments of 1%. You can also click in the box to manually enter the client's employer contributions.

Since the gross amount is assumed to be credited to the customer's account, the restriction of tax relief if the annual allowance is exceeded will not be taken into account.

Contributions are assumed to increase in line with RPI from now until retirement.



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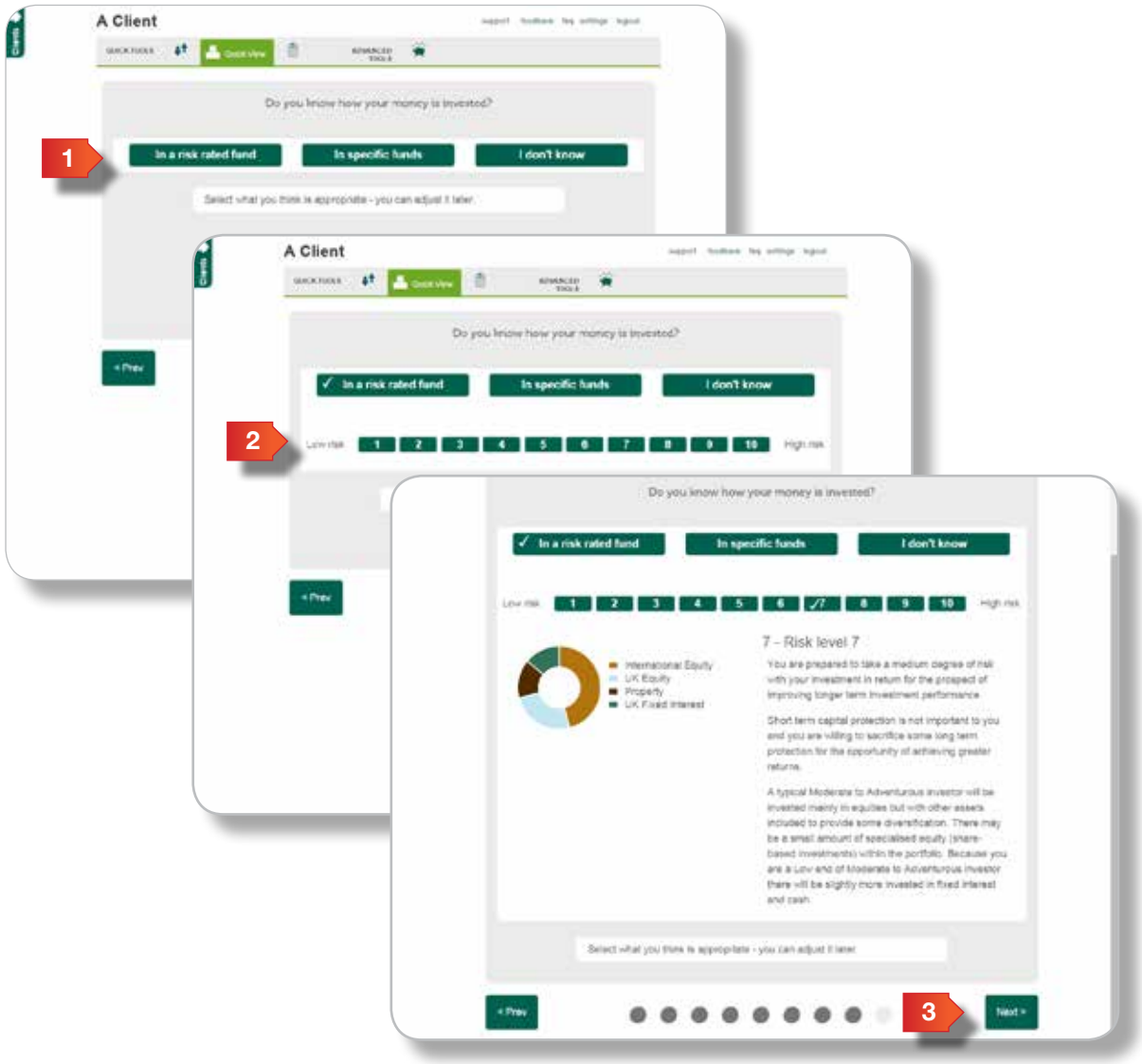
## HOW IS THE MONEY INVESTED – IN A RISK RATED FUND?

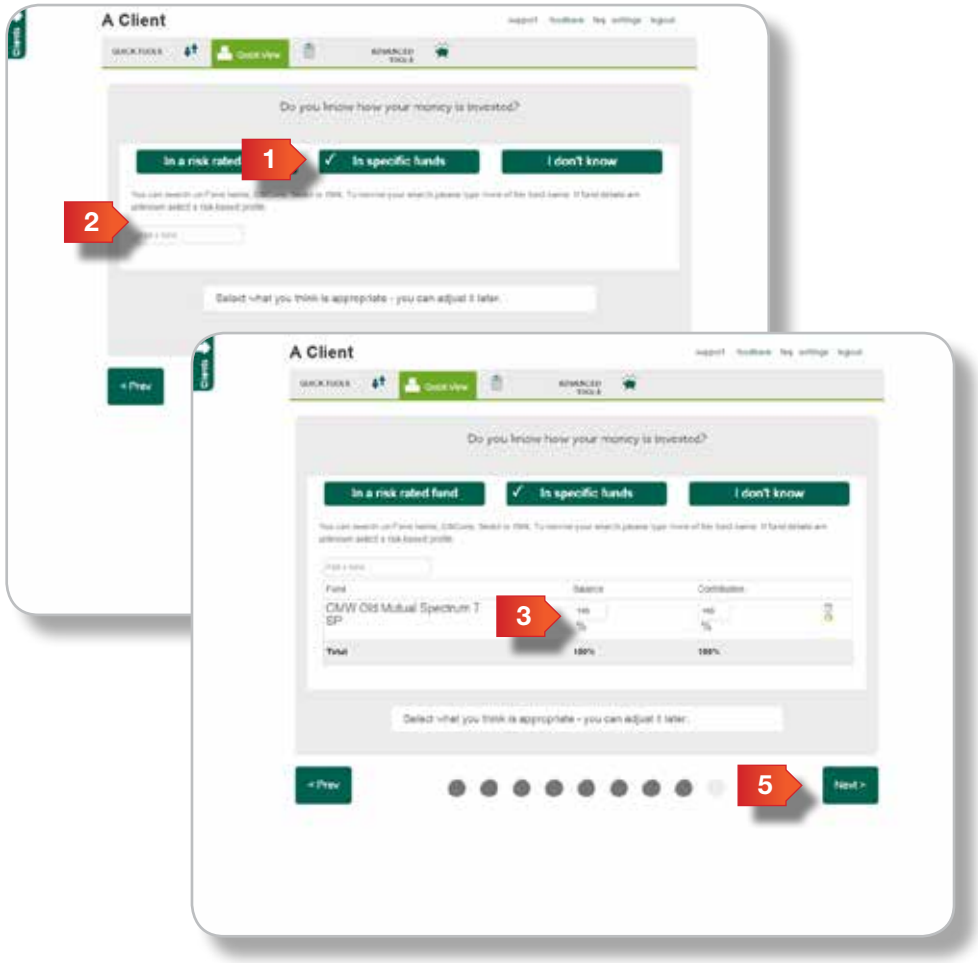
1. Choose one of the three options to specify how your client's pension is currently invested.
2. If you select **'In a risk-rated fund'**, you will be asked to specify the risk score of that fund from a range of 1 – 10. The screen will provide a description of the risk score and asset allocation assumptions.
3. Click **'Next'** to move on to the next screen.




**Notes:**
These risk scores are comparable with Old Mutual Wealth's risk profiles. The tool will assume an ongoing cost of fund (OCF) of 0.8% for all of the risk rated funds.

## HOW IS THE MONEY INVESTED – IN SPECIFIC FUNDS?

1. If you select **'In specific funds'** you will need to search for and select the funds that your client's pension is invested in.
2. You can search by Fund name, CitiCode, Sedol or ISIN.
3. Enter the percentage for the current investment and any future contributions.
4. Repeat steps two and three until all of the funds have been selected and the percentages for 'Balance' and 'Contributions' equals 100%
5. Click **'Next'** to move on to the next screen.




**Note:**
You can search from the full 'universe' of available funds – not solely funds offered through Old Mutual Wealth. The OCF for the fund(s) you select will be taken using data from Financial Express.



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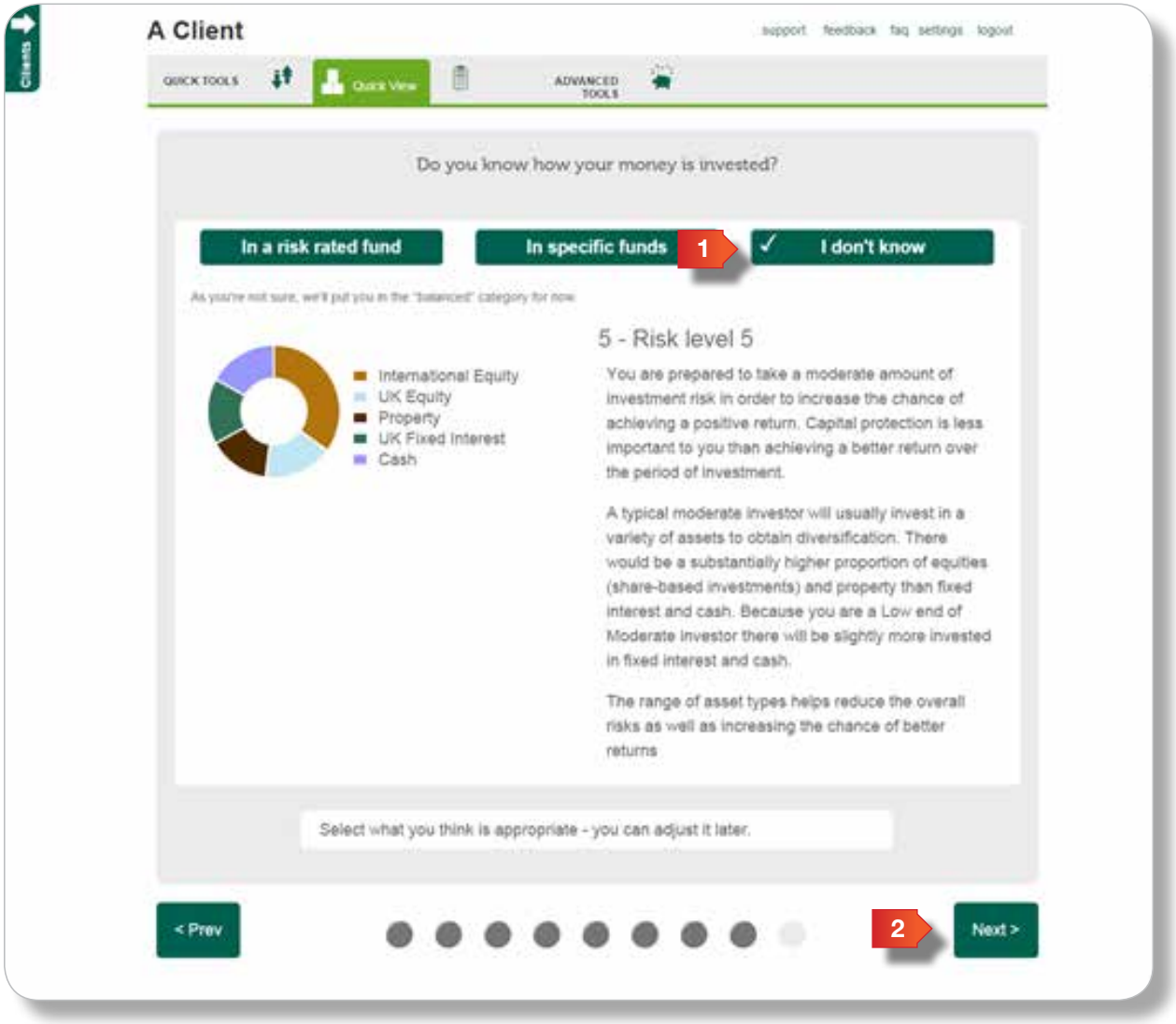
## HOW IS THE MONEY INVESTED? – I DON'T KNOW

1. If you are unsure which funds your client's pension is currently invested in, select **'I don't know'**. This will default to a risk rated fund of five and will provide a description of the risk level and asset allocation on screen.
2. Click **'Next'** to move on to the next screen.


A Client
support feedback faq settings logout
Clients
QUICK TOOLS
Quick View
ADVANCED TOOLS
Do you know how your money is invested?
In a risk rated fund
In specific funds
1
I don't know
As you're not sure, we'll put you in the "balanced" category for now
International Equity
UK Equity
Property
UK Fixed Interest
Cash
5 - Risk level 5
You are prepared to take a moderate amount of investment risk in order to increase the chance of achieving a positive return. Capital protection is less important to you than achieving a better return over the period of investment.
A typical moderate investor will usually invest in a variety of assets to obtain diversification. There would be a substantially higher proportion of equities (share-based investments) and property than fixed interest and cash. Because you are a Low end of Moderate investor there will be slightly more invested in fixed interest and cash.
The range of asset types helps reduce the overall risks as well as increasing the chance of better returns
Select what you think is appropriate - you can adjust it later.
< Prev
2
Next >

**Note:**
An OCF of 0.8% will be assumed.



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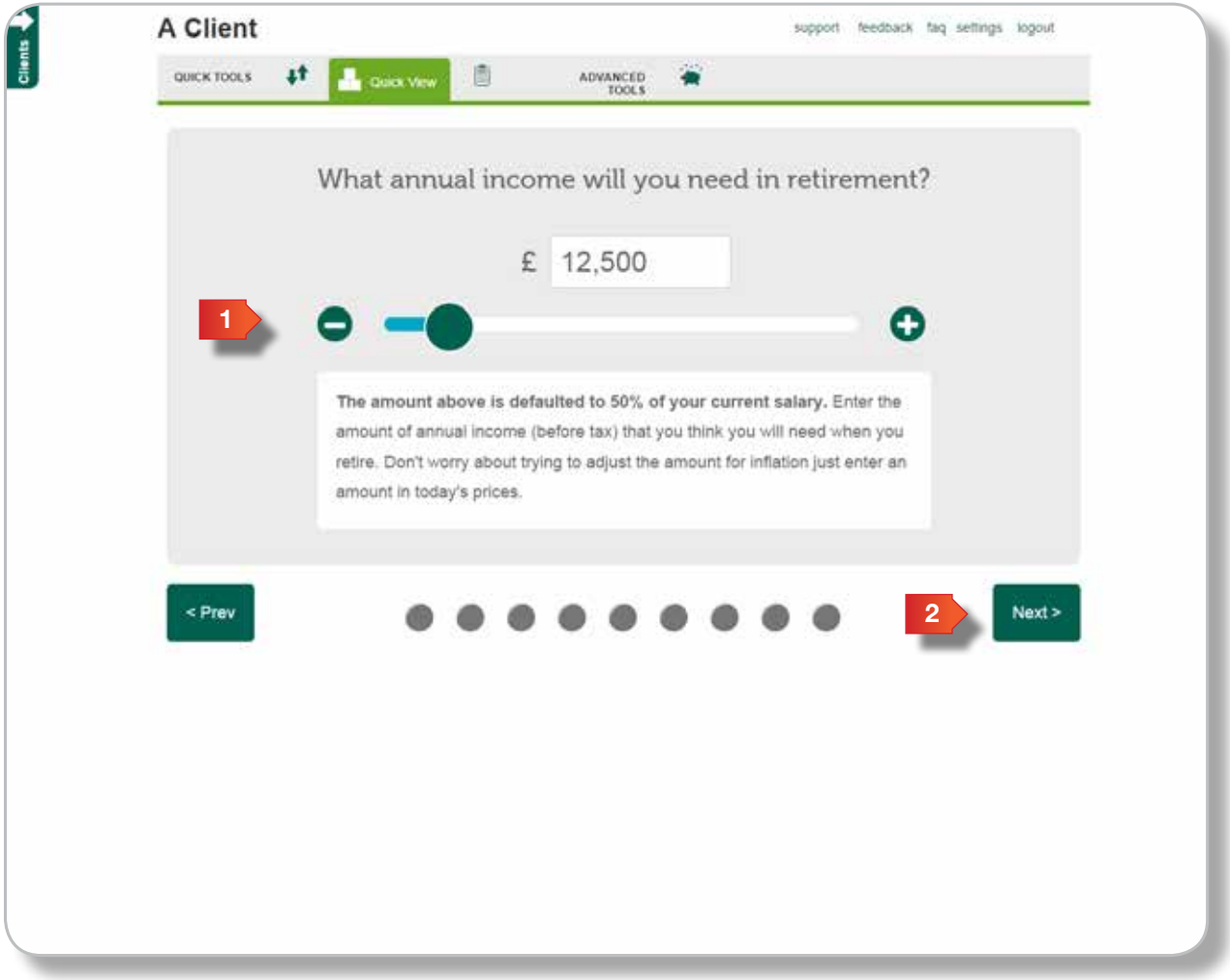
## INCOME TARGET

1. Use the slider to select the level of gross income that your client will require in retirement.
2. Click **'Next'** to move on to the next screen.


Clients
A Client
support feedback faq settings logout
QUICK TOOLS
Quick View
ADVANCED TOOLS
What annual income will you need in retirement?
£ 12,500
1
The amount above is defaulted to 50% of your current salary. Enter the amount of annual income (before tax) that you think you will need when you retire. Don't worry about trying to adjust the amount for inflation just enter an amount in today's prices.
< Prev
2
Next >

**Notes:**

The slider has a range from £0 to £100,000, and moves in increments of £500. You can also click in the box to manually enter the client's salary. The income target intially shows to 50% of their current salary (to a minimum of £12,000 if the income target is less than £24,000).
This is increased by inflation from now until the projected retirement age.

The target income:

- is used to show whether or not the client will be on target if they buy an annuity;
- is shown as the gross annual amount withdrawn from the income drawdown example; and
- is carried forward into the 'Full View' version of the Retirement Income Explorer tool, should you choose to run a full forecast.



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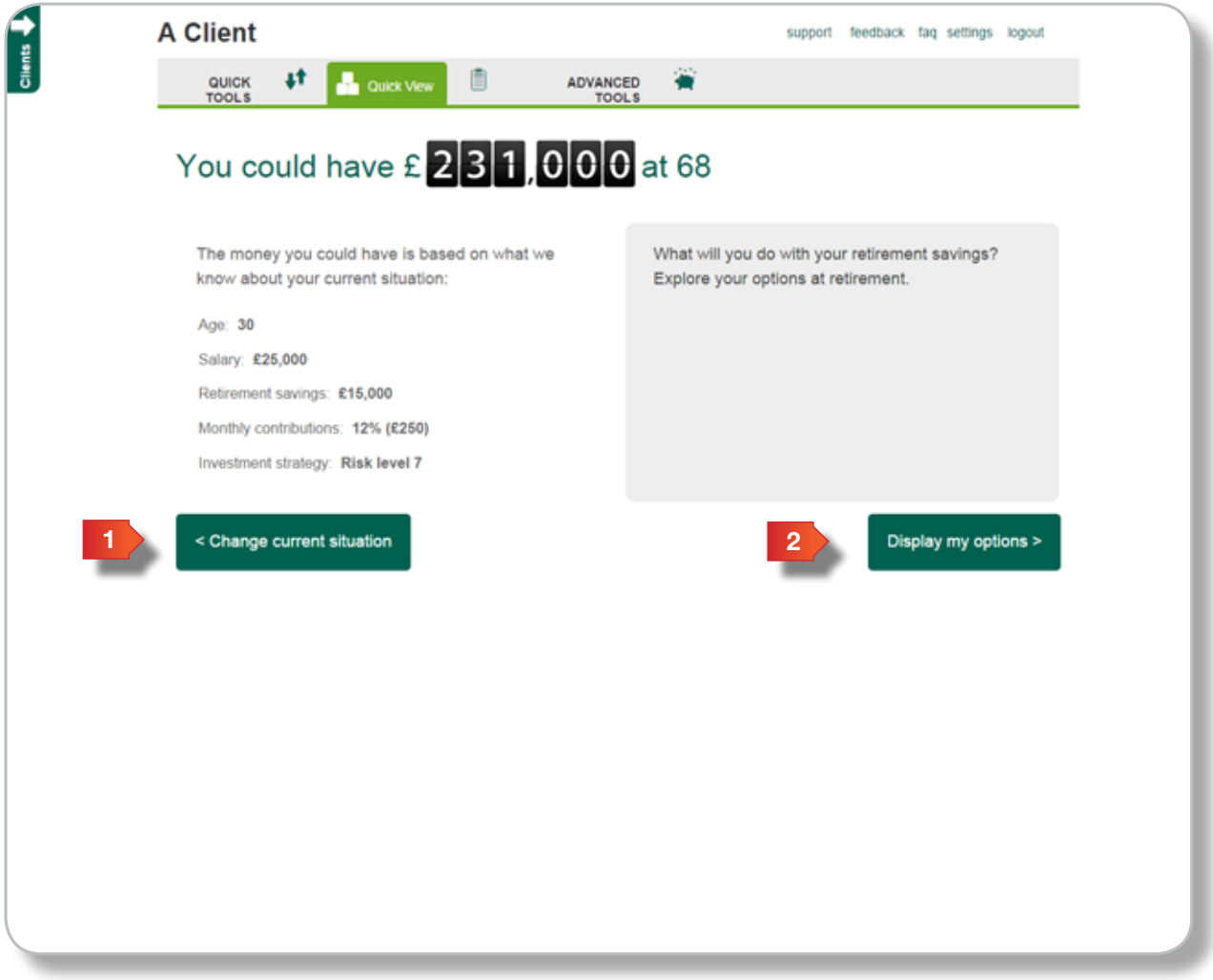
## SUMMARY PAGE

This is a review of all the information that has been entered into the Quick View tool.

1. Click **'Change current situation'** if you need to change any of the information that has been entered.
2. Click **'Display my options'** to review the pensions options available for your client.

The projections are shown at 'today's prices' – they have been discounted by inflation to show the value as if they were being spent today.

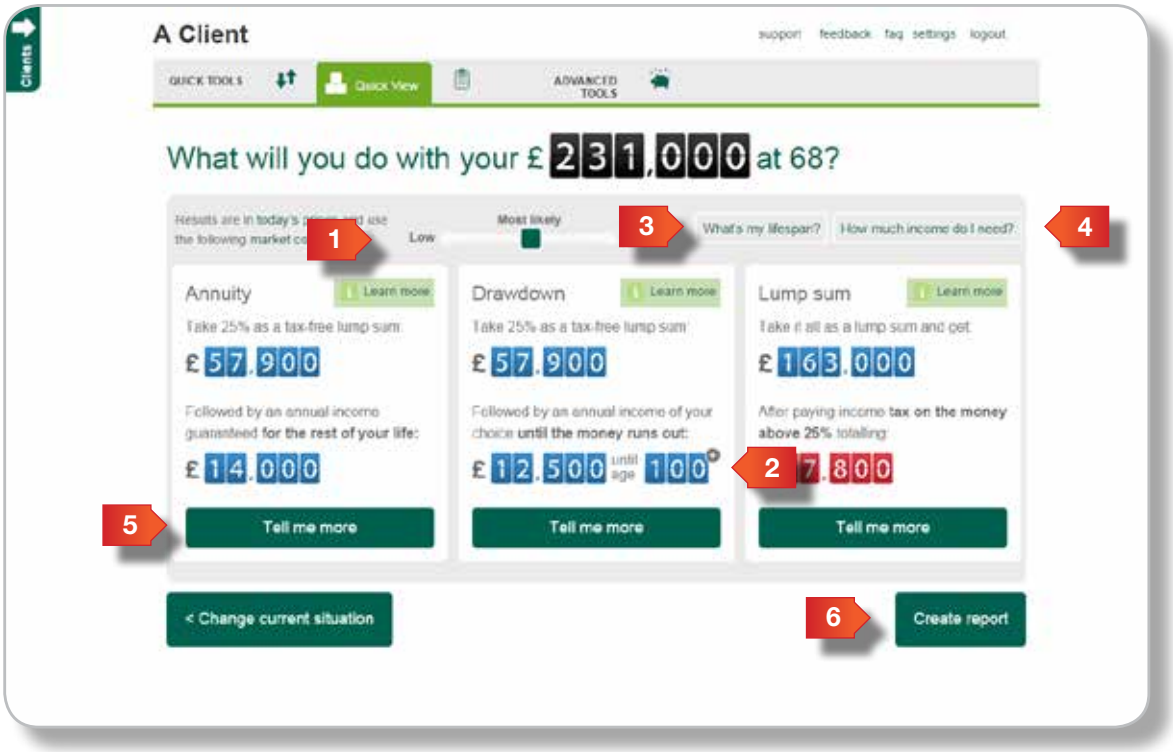


## 'QUICK VIEW' OUTPUTS

This screen provides a side-by-side comparison which, for simplicity, shows the following three options:

- 25% tax-free lump sum with Annuity income;
- 25% tax-free lump sum with Drawdown income; and
- 100% lump sum less income tax at the client's marginal rate.

1. Move the slider to show results based on good or poor outcomes.
2. The estimated age that annual drawdown income is likely to run out is shown. It will be shown in red or amber if this age is before their calculated life expectancy ends.
3. Select **'What's my lifespan?'** to view a statistical projection of the client's expected lifespan, based on their age and gender..
4. Select **'How much income do I need?'** to input specific expenses to recalculate the level of gross income required, using the Income target builder. This option is shown on the following page.
5. Click **'Tell me more'** on one of the options to start a **'Full View'** forecast using the information that has been entered. This is covered in the 'Full View' user guide.
6. Select **'Create report'** to generate a Word document that can be printed or saved into your files for use with your client. Please see page 19.




**Notes:**

- The assumptions used to calculate each of the three options are summarised on page 20 of this guide.
- The projections are shown at 'today's prices' - they have been discounted by inflation to show the value as if they were being spent today.
- The projections assume that the client will receive the new flat rate of State Pension due to be introduced in 2016, and that this will be increased in line with RPI.



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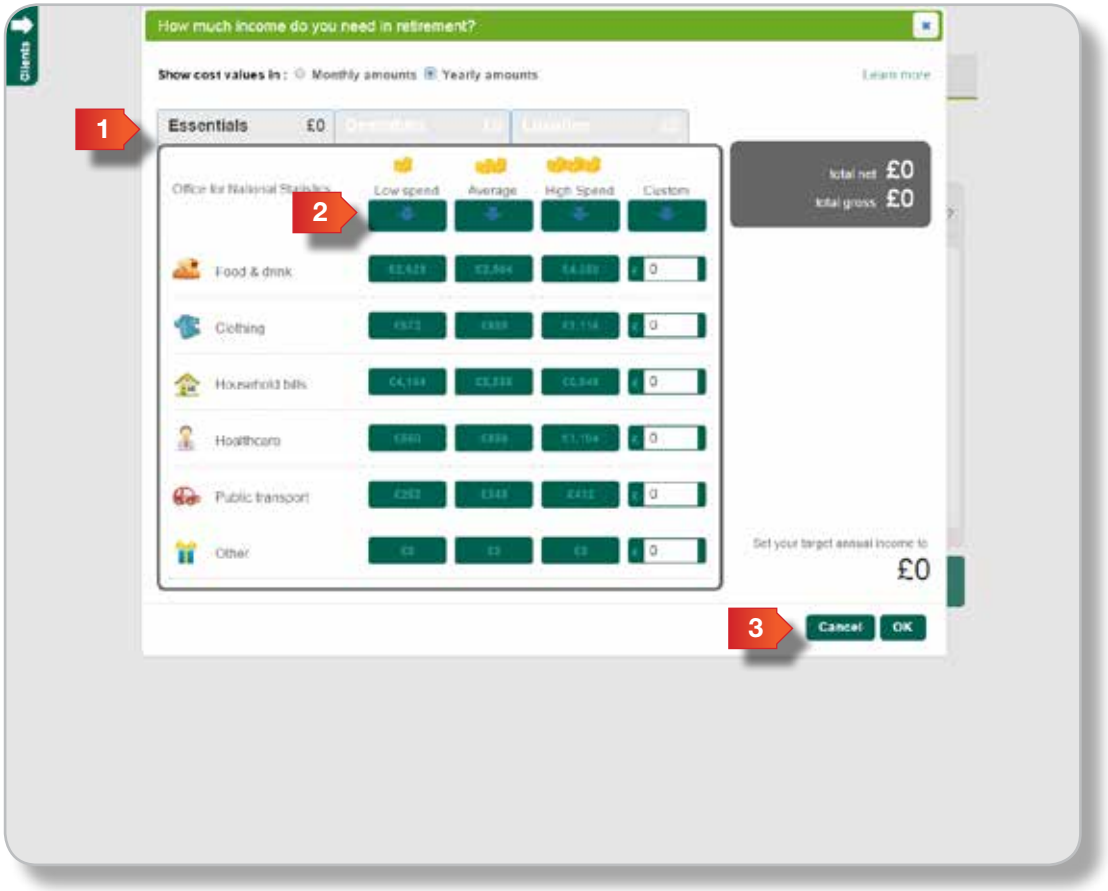
## INCOME TARGET BUILDER

1. Select the type of expenditure using the tabs at the top of the screen.
2. Choose **'Low'**, **'Average'**, or **'High'** spend; or alternatively select 'Custom' and enter the values for each option.
3. Click **'OK'** to use this income target for the retirement options.




**Notes:**

The low, average and high spend figures are from data published by the Office for National Statistics (ONS), and reflect what households of two retired people from across the UK are currently spending.

When this is used for the target annual income, the figures shown will be increased to take into account income tax rates to achieve the relevant target income you need.



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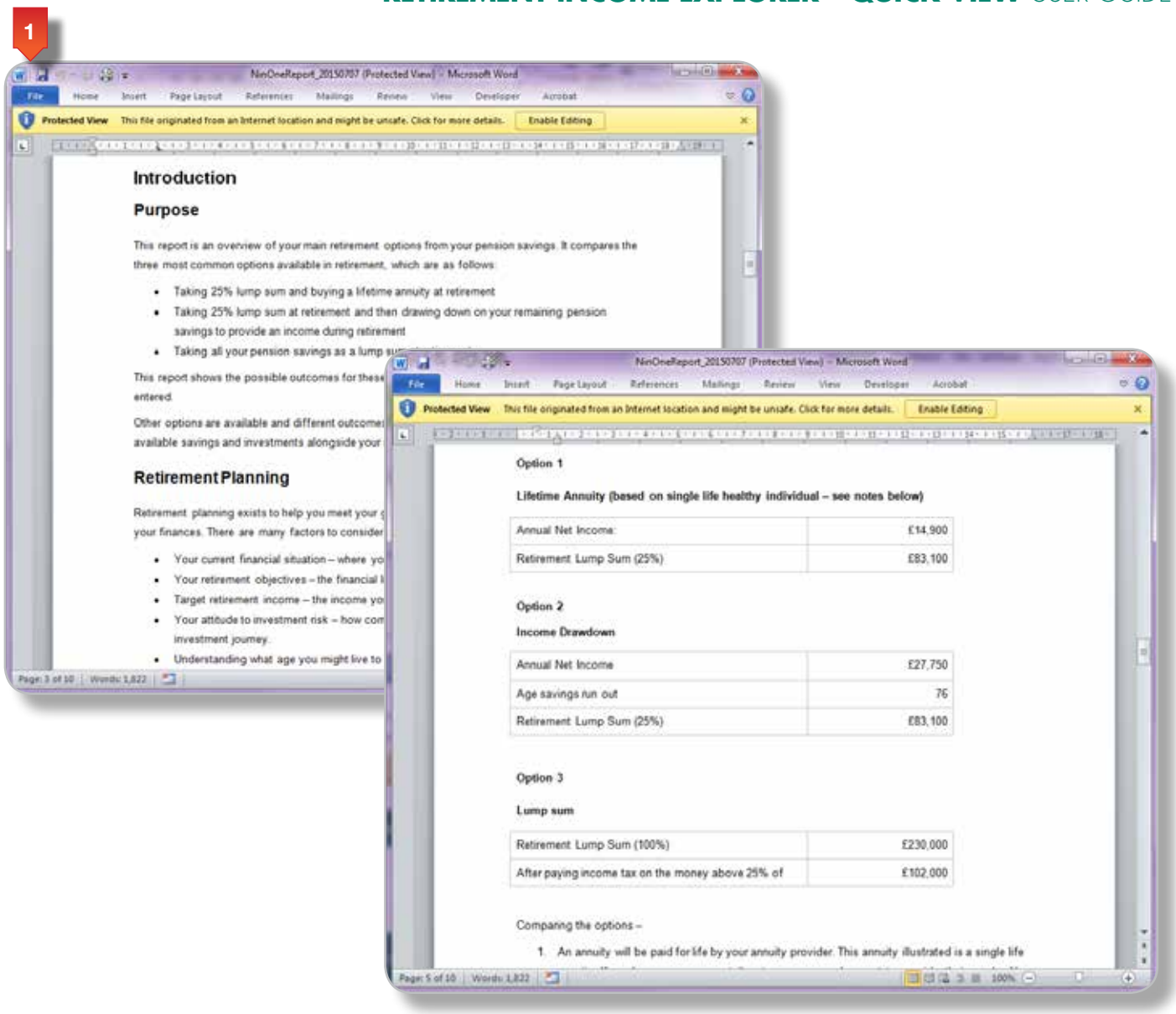
## REPORT

The client report will open as a Word document, and you can copy and paste the contents into your own report, or brand this report with your company logo.

1. To print or save the report, use the buttons at the top of the Word document, or the 'File' menu.




**IMPORTANT NOTES:**

This report will not be saved on the Retirement Income Explorer tool, or in the client's record on the platform. You will need to save it to your own computer or files for audit trail purposes.

If you are copying and pasting the information into your own report, please ensure you include the 'Important Information' section and 'Assumptions and Limitations', since your client must read this information with the forecast. You should be aware that this is your document and you are responsible for it meeting your compliance requirements. You will still need to produce a KFD and KFI for any product which is recommended and/ or reviewed.



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# ASSUMPTIONS

## HOW IS THE ANNUITY FIGURE CALCULATED?

After any 25% tax-free lump sum is deducted, the remainder of the pension fund is used to buy an annuity with the following assumptions

- Guaranteed to be paid for the first five years
- 50% is payable to a surviving partner on death
- Increases in line with RPI
- The income received is added to the assumed state pension (if the age that benefits are illustrated is at or after retirement)
- The annuity amount is based on standard mortality rates published by the Institute and Faculty of Actuaries (IFoA)
- The income shown is gross
- The cost of annuities is estimated based on bond yields. It is not currently possible to enter specific annuity costs.
- The annuity quote does not take into account health or lifestyle factors. You may wish to research the market for prevailing rates for your clients' needs.

## HOW IS THE DRAWDOWN FIGURE CALCULATED?

25% of the pension fund is assumed to be taken as a tax-free lump sum by crystallising all of the pension fund into a flexi-access drawdown arrangement. This is then assumed to remain invested and projected onwards from the retirement age, and for income to be drawn down from the pension fund to meet the target income amount, if there is a shortfall after the annual State Pension has been paid. This will continue until the fund runs out, and the age that this is expected to happen is shown.

The amount to be taken each year is that needed to satisfy each year is the amount needed to satisfy the gross income target; this will be taxed as income.

The investment strategy whilst the consumer is drawing money out is assumed to be the same as the investment strategy selected previously for the accumulation phase. This can be changed should you wish in the Full View option of the tool.

## HOW IS THE LUMP SUM FIGURE CALCULATED?

The client is assumed to draw all of their pension fund in a single lump sum payment. 25% of the amount withdrawn will be tax-free. The remainder is taxed as income.

The tax calculated is the estimated eventual tax payable. This is calculated assuming that the current income tax bands in force are increased in line with RPI each year and that the same marginal rates of tax as now are payable in the future. It includes allowance for the removal of the personal allowance on a two for one basis on earnings over £100,000. It is assumed that this is the only income taken in the relevant tax year that this is taken, i.e. they have ceased working when they take this fund.

In practice, this is likely to be taken as a single Uncrystallised Fund Pension Lump Sum (UFPLS). This is likely to be taxed using a month 1 tax code so the actual tax deducted immediately could be significantly higher than that quoted. The amount shown is the eventual net tax position once any adjustment via their PAYE tax or by a post tax year end refund is made.

## WHAT CHARGES/FEES ARE INCLUDED IN THE CALCULATIONS?

The charge is dependent on the investment selected in the 'How is the money invested' step (see pages 12-14).

Risk rated fund/ 'I don't know' - 0.8% OCF

Specific funds – the OCF for the fund(s) you select will be included. This is taken from data received from Financial Express.

The client's existing pension fund and pension contributions are assumed to be invested into an Old Mutual Wealth Collective Retirement Account, and the tiered Old Mutual Wealth product charge applies to the value of the fund.

There is no consideration for adviser fees.

These figures cannot be amended in Quick View, however charges can be configured using Full View. Reports run in Quick View can be imported into Full View.

## OTHER ASSUMPTIONS

- The Annual Allowance and Lifetime Allowance are not factored into the calculations, therefore should these allowances be exceeded, the restriction of tax relief and tax charges on excess are not considered in the forecast.
- The life expectancy estimate is calculated using male and female mortality rates and it is quoted for when the client reaches 65. The rates assume general mortality levels, and so health, lifestyle or smoker status are not considered. As these are average figures your clients will have a 50% chance of living longer.

The Retirement Income Explorer tool is compatible with the following internet browsers: Internet Explorer version 8 and above, Chrome, Firefox, Safari and Opera.

For more information about the tool, the following support documents are available:

- Questions and Answers www.oldmutualwealth.co.uk/riet
- Retirement Income Explorer Due Diligence document
- Retirement Income Explorer – Full View Getting Started user guide
- Retirement Income Explorer – Full View user guide (detailed version)
- Retirement Income Explorer – Risk Profiler Getting Started user guide

If you require any further training or assistance with the tool, please contact your E-Business Specialist or Old Mutual Wealth consultant, or call our Customer Contact Centre on 0808 171 2626 or ask@omwealth.com.

**www.oldmutualwealth.co.uk**

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

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